

STATEMENT OF SENATOR JOHN MCCAIN
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COMMERCE, SCIENCE AND TRANSPORTATION
HEARING ON THE TRANSITION TO DIGITAL TELEVISION
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- In 1997 the Congress embarked down a path that we hoped would lead to a revolution for the American consumer: digital television. Digital television technology -- especially high definition digital television -- we were told has the potential to provide sharp movie-quality pictures as well as CD-quality sound to the U.S. consumer.
- The Congress took some extraordinary steps in pursuit of the DTV goal, giving to the broadcast industry a huge amount of spectrum and engaging in what the Wall Street Journal then-described as a “planned multibillion dollar handout for wealthy TV-station owners.” Although other industries must buy their spectrum in competitive auctions, here, *the government decided to give away* the spectrum needed to provide free TV broadcasts in high-definition television. Moreover, *the government decided* that the broadcasters could keep their old analog spectrum -- a gift from the past -- until 2006, or until 85 % of American homes had digital TV. Considering it took approximately 20 years for color TV and 16 years for VCRs to reach that level of market penetration -- that was quite a gift.
- And now where are we? The situation is a mess -- characterized more by finger pointing than progress. Manufacturers blame the dearth of digital programming for low consumer demand for HDTV, and the cable companies blame the manufacturers for delays in agreeing to interoperability standards.
- And, the broadcasters, well, the broadcasters blame the FCC, local zoning boards, standards disputes, equipment manufacturers, content providers and Congress -- in short, everybody but themselves.
- And then there is still the question of standards and whether we actually are moving to digital TV or HDTV.
- An attempt to assign blame for this situation is futile. The interested parties all disagree about whether there is a problem, the extent of any problem, and who is to blame. But this much is clear, by 2006, this country will have neither the transmission facilities, nor the digital content, nor the reception equipment needed to ensure that 85% of the population will be able to receive digital television as their exclusive source of television.

- Congress, having given away billions of dollars in public assets to ensure a smooth and rapid transition to a competitive DTV marketplace, will be held accountable by the public if that transition becomes even slower, more costly to the tax payer, or anticompetitive.
- In short, no matter who is to “blame” for the existing problems, the Congress that devoted public assets to the DTV transition will be held accountable for finding solutions. But many of the solutions being proposed today presume that problems created by *a failed attempt* at centralized planning can be solved by *more attempts* at centralized planning. Worse yet, some of these proposed “solutions” would seem only to shift additional costs of the DTV transition onto the backs of taxpayers who have already devoted their valuable spectrum to the transition, or onto the backs of competing industries that pay for their spectrum.
- For example, some propose mandating that all television sets sold in American be made digitally compatible – even though this would substantially raise the cost of a new TV set. Others propose that broadcasters should be allowed to benefit from a slow DTV transition by gaining indefinite use of free spectrum that could be used to multicast standard definition signals or to distort competition in the wireless communications markets by competing against companies and technologies that had to pay for the spectrum they use. We must examine all these issues here today.
- Political columnist William Safire noted in the New York Times:
 - “In terms of ripping off the taxpayers with not a peep from the media, nothing compares with the broadcasters’ lobby. This phalanx of freeloaders has stolen the free use of great chunks of the most valuable natural resource of the information age: the digital television spectrum owned by the American people....When private money is on the line, private companies move fast; but when public assets go to private pockets, at no interest, private companies *sit tight*.”
- We are here at this hearing to give the broadcast industry a chance to show its commitment to sound public policy – to show that it will do more than just “sit tight.”
- I thank today’s witnesses for joining us and look forward to their testimony.